

A portrait of a woman with long, light brown hair, wearing red-rimmed glasses and a black blazer. She is smiling and looking directly at the camera. The background is a plain, light grey color.

**Howarths**

**The Hidden Costs of Low  
Employee Engagement.**

**How to Fix It Before It  
Hurts Your Business**

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# The Cost of Employment in 2025: Why Engagement Matters

In 2025, the cost of employment is only going up. Increases in National Minimum Wage and National Insurance costs, as well as reforms included in the Employment Rights Bill are impacting this rising cost already.

At Howarths, we believe creating a positive culture and building a highly-engaged workforce is essential, and is one way to address this cost increase.

In simple terms, engaged employees are more productive, and productivity leads to higher profitability. In other words, the more emotionally connected your team are to the business, the more productive they become, and the more the business succeeds.

In fact, recent studies have shown, businesses with highly engaged employees see a 23% boost in profitability.<sup>1</sup>

In this eBook, we give you an overview of key areas to focus on in order to create a positive culture, be HR compliant, create a highly-engaged workforce and ultimately drive profitability.

We hope you find this useful – enjoy!

Gavin Howarth  
CEO, Howarths

**Howarths**



# Howarth's



## Insights to Support Your HR Journey

Engage your employees to maximise productivity.

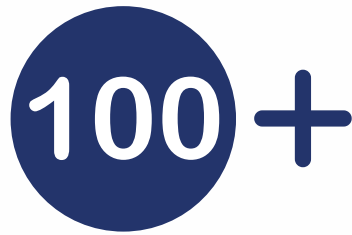
**88%** of British employees say they work harder, and 91% say they are more engaged, when they feel appreciated, according to the 2025 Appreciation Index study. Yet the UK is left behind in how appreciated they feel, scoring 61.8/100 in the Appreciation Index, lower than the global average (65) and among their US (66.3) and Australian (66.8) counterparts.<sup>2</sup>

Notably, recognition from management plays a big role. But it's important to stress a key difference between recognition and appreciation—recognition rewards actions and outputs, offering short-term motivation, while appreciation values employees for who they are, meeting deeper emotional needs.

When employees feel both recognised and appreciated, they're more engaged, work harder, and align with your company's vision. This engagement translates directly into increased productivity and, ultimately, greater profitability.

Our HR Audits and Employee Engagement Surveys are designed to help you harness this potential, creating a culture that values and motivates your people to deliver results.

# Clarity Through HR Audits and Engagement Surveys



Point HR  
Audit

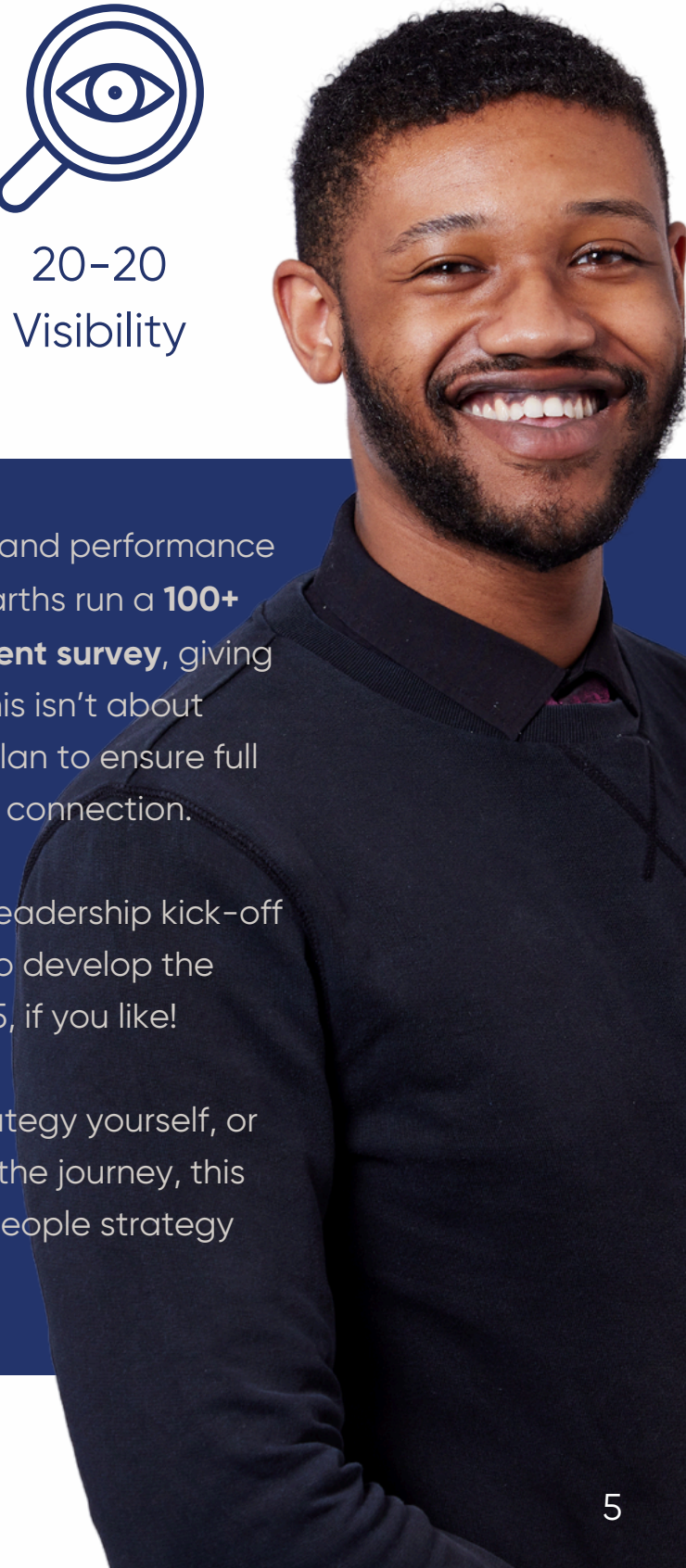


20-20  
Visibility

The first step to improving engagement and performance is understanding where you stand. Howarths run a **100+ point HR audit** and **employee engagement survey**, giving you 20-20 visibility of your workplace. This isn't about identifying issues; it's about creating a plan to ensure full compliance, and to develop a culture of connection.

A custom action plan is presented in a Leadership kick-off Session. Essentially, we'll work with you to develop the strategy – your HR Growth Bible for 2025, if you like!

Whether you want to implement the strategy yourself, or have us guide and support you through the journey, this plan is designed to help you align your people strategy with your business goals.

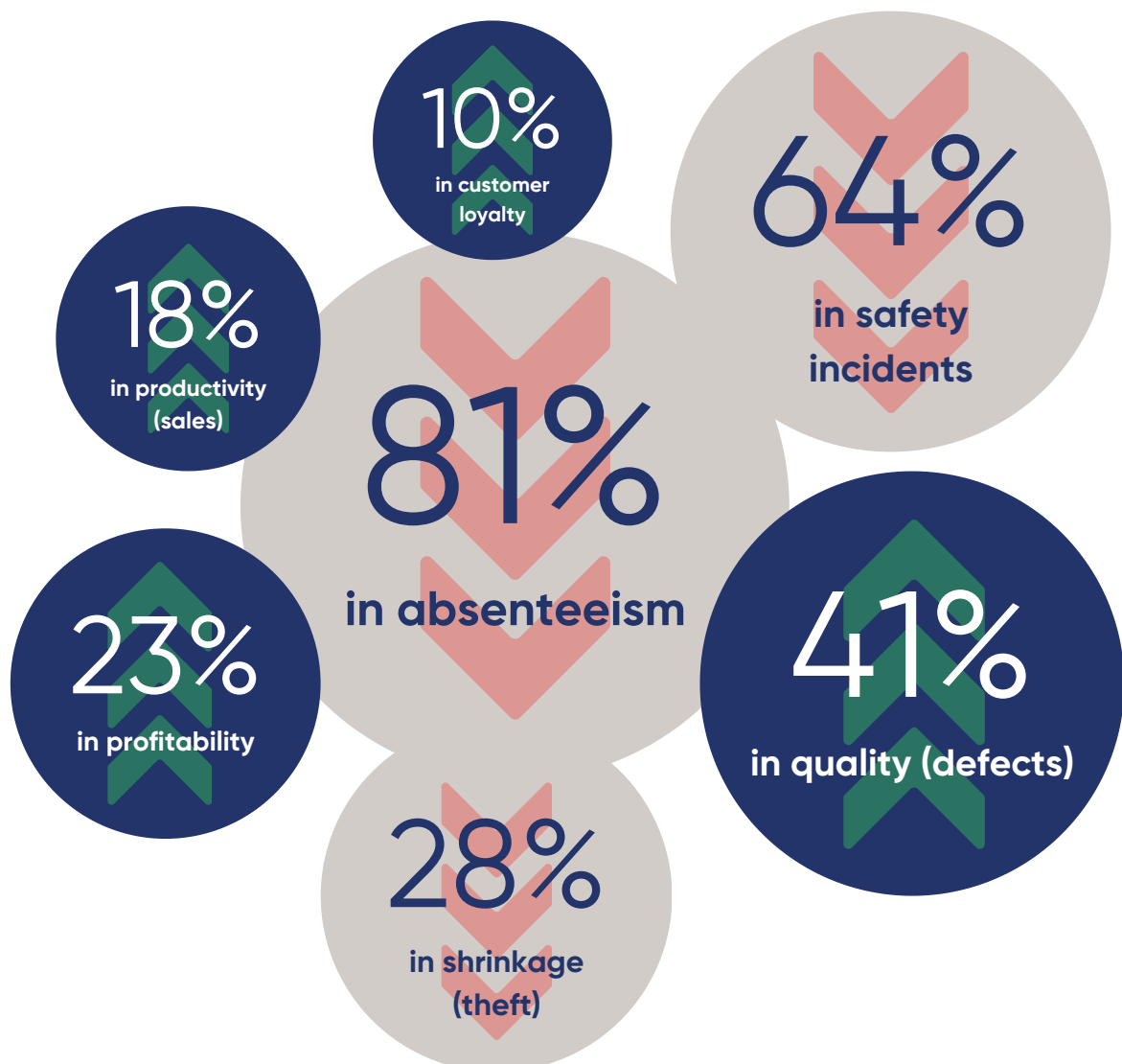


# Driving Business Success Through Employee Engagement

Investing in your people is a clear indication to your workforce that you believe in creating a positive, authentic and psychologically-safe culture. In this environment, engaged employees stay longer, work harder, and perform better.

By focusing on building a team that's committed and highly-engaged, ultimately helps your business achieve stronger financial results.

Let's review an excerpt from the Gallup study<sup>1</sup> – the benefits of an engaged workforce are evident, positively affected in the following areas:



DID YOU KNOW?

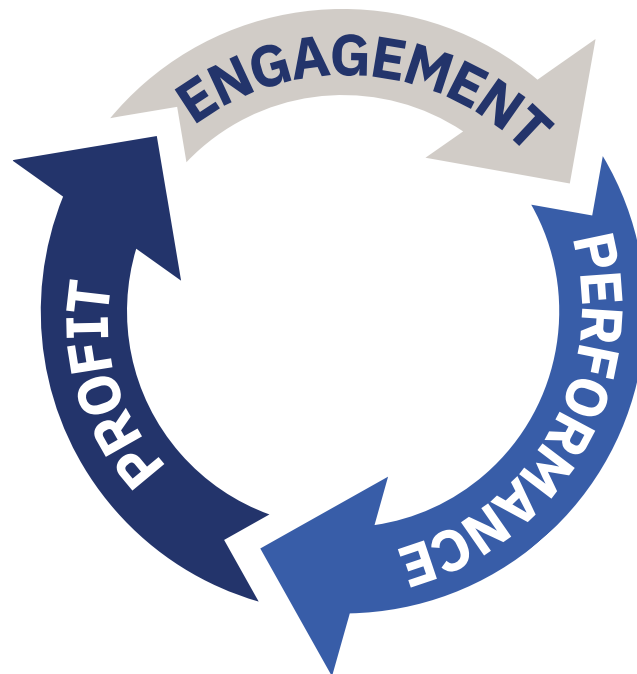
23%



Studies show that highly engaged employees result in a **23%** increase in **profitability**.<sup>1</sup>

# The Engagement- Performance-Profit Link

Studies show that highly engaged employees result in a 23% increase in profitability. Why? Because engagement drives productivity, and productivity fuels performance.



**Engaged employees** bring energy and commitment to their roles.



**Improved productivity** leads to better customer experiences and outcomes.



**Higher profits** create opportunities for reinvestment and growth.



# The Engagement-Performance-Profit Link

On the flipside, with a disengaged workforce, businesses face higher turnover, lower morale, and further increased costs—issues that can quickly erode profitability.

An employee engagement survey aims to address any issues and looks into **four key pillars** of engagement...

1

Connection – how informed, heard and bought into the mission and future of the business are your employees?

2

Leadership – how confident do employees feel about their manager and how inspiring are they?

3

Fulfilment – how well are your employees personal and professional needs met in their job?

4

Well-being – how safe, secure and supported do your employees feel?

## Improving culture



JOSEPH CARR  
CARRS PASTIES



"Howarths has been an amazing partner for Carrs Pasties for over two years. Their expertise has greatly improved our company culture. Highly recommended!"

★★★★★

# Your Five-Step Process for Success

There's never a bad time to focus on your people. Our process takes you from audit to action in five steps. Let's break it down.

## 1 HR AUDIT

The first step is to understand exactly where you are from a people perspective. Conduct a thorough, onsite 100+ point HR audit looking at your HR systems, processes and documentation.

## 2 ANALYSIS

Results are then **analysed** based on 10 key functions - assessing your organisation for areas such as **compliance, risk and best-practice**.

## 3 HIGH-LEVEL RAG REPORT

The results are delivered in a high-level report and RAG-rated action plan, identifying areas for improvement and development.

## 4 EMPLOYEE ENGAGEMENT SURVEY RELEASE

This is where the employee engagement survey comes in. Running an anonymous employee engagement survey empowers and inspires you to make pro-active decisions. You'll receive a thorough understanding of your people across the four pillars of engagement; connection, leadership, fulfilment and well-being.

## 5 RESULTS

You'll be assigned a dedicated HR Growth Partner who combines the results of the HR Audit and Employee Engagement Survey, delivering a thorough analysis and report with suggestions and recommendations in a Leadership Kick-Off Session. This creates a fundamental platform to develop your people strategy.

# Compliance to Build Trust - 10 Key HR Areas

HR audits provide an in-depth look at your people practices, helping you:

- Identify compliance gaps and mitigate legal risks.
- Align HR policies with your business goals.
- Strengthen trust and engagement among your team.

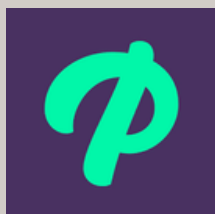
By proactively addressing these areas, you'll not only avoid unnecessary costs but also create a workplace where employees feel valued and motivated to perform at their best.

HR Audits look at 10 key areas to assess the organisation's position in respect of compliance, risk and best practice over the next two pages...

## HR Audits In Action



**HELEN FAIRBURN**  
PUNCH CREATIVE



"We have partnered with Howarths for over five years to support our HR processes, and their expertise has been invaluable. The team is approachable, knowledgeable, and always available to provide expert advice and guidance. We have benefited greatly from their bespoke training courses and HR company audit, both of which have significantly improved our business practices."

★★★★★

# 10 key HR areas



People strategy alignment with organisational objectives



Recruitment & selection



Pre-boarding & onboarding



Employee relations



Learning & development





HR & employment law  
documentation



Pay & Reward



Employee well-being  
& safety



Communication &  
employee engagement



Diversity & Inclusion

# Six Signs Your Business Needs an Audit and Survey

1

Are you experiencing high staff turnover or difficulty retaining talent?

2

Do you feel confident about your compliance with employment laws and regulations?

3

Do you know how your employees feel about working at the business?

4

Are disputes or grievances becoming more frequent?

5

Do you have clear, consistent HR policies in place?

6

If asked, could you describe the culture, or list the values of your business? Do your employees live these values?

If you answered "yes" to any of these, a HR audit and engagement survey helps uncover the root causes and provides actionable solutions.

# The Cost of Doing Nothing

**Ignoring HR and engagement issues can be costly.**

Neglecting employee engagement can have serious repercussions on health and well-being. Disengaged employees often experience increased stress and burnout, leading to higher absenteeism and presenteeism.

**A study by Deloitte** revealed that poor mental health costs UK employers **£51 billion** annually, with presenteeism—where employees work but are less productive due to mental health issues—being a significant contributor.<sup>3</sup>

By proactively fostering an engaging work environment, businesses can enhance employee well-being, reduce stress-related absences, and promote a healthier, more productive workforce.



Doing nothing can be costly.  
Take action, get in touch with Howarths.

# A Bit About Us

Founded in 2003 by Andy & Helen Howarth, we're a second-generation family-run business who handle Employment Law, HR and Health & Safety projects with a personal touch and familiarity.

Our values are deep rooted – grafting together with heart and grit. They run right through our business.

We're a blend of progressive ambition, matched with values like good timekeeping, smart dress and polite manners.

As a Howarths client, you'll benefit from these traits as standard.

## CONTACT

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[www.howarth-uk.com](http://www.howarth-uk.com)

# Howarths



# References

1. Gallup (2024) The benefits of employee engagement, Gallup.com. Available at: <https://www.gallup.com/workplace/236927/employee-engagement-drives-growth.aspx>.
2. Reward Gateway (2025) UK falls behind on workplace appreciation: Gender and seniority impact employee satisfaction. Available at: <https://www.rewardgateway.com/press-releases/new-research-appreciation-index-uk>.
3. Poor Mental Health costs UK employers £51 billion a year for employees (2024) Deloitte United Kingdom. Available at: <https://www.deloitte.com/uk/en/about/press-room/poor-mental-health-costs-uk-employers-51-billion-a-year-for-employees.html>.

# Positive Outcomes



**JOE SHIPMAN**  
SNIFFERS PET CARE

Sniffers  
Pet Care

"Absolutely brilliant support! The guidance and advice we've received have been a game-changer for our team. The tips and tricks we've put into practice have worked wonders. It's amazing how what felt like impossible challenges turned into positive outcomes—for both the business and our employees."

